

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08  
EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 OPIC-03  
SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00 OMB-01  
ERDA-05 DODE-00 FEAE-00 FPC-01 H-01 INT-05 L-03  
NSC-05 PM-04 OES-06 SS-15 STR-04 ACDA-07 NSCE-00  
SSO-00 USIE-00 INRE-00 EURE-00 OIC-02 NRC-05 /142 W  
-----101921Z 128060 /45

O 101842Z FEB 77  
FM USMISSION OECD PARIS  
TO SECSTATE WASH DC IMMEDIATE 5286

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E.O. 11652: N/A  
TAGS: ENRG, OECD  
SUBJECT: IEA/SLT NUCLEAR SUB-GROUP:FEB 15-17

1. FOLLOWING IS TEXT OF SECRETARIAT BACKGROUND PAPER  
FOR U.S. REVIEW AT FEB 15-17 IEA/SLT NUCLEAR SUB-GROUP  
MEETING. IT HAS BEEN PASSED ONLY TO U.S. AND  
DISCUSSION LEADER GERMANY.

BEGIN TEXT

THE U.S. SUBMISSION PROJECTS A GROWTH RATE FOR  
TOTAL ELECTRICITY DEMAND OF NEARLY 5.5 PERCENT PER YEAR  
FROM THE END OF 1975 TO THE END OF 1985. THIS RATE IS  
MUCH LESS THAN THE HISTORICAL AVERAGE OF 7 PERCENT  
REALIZED PRIOR TO 1973. IT IS ALSO LESS THAN THE  
6 PERCENT AVERAGE GIVEN IN LAST YEAR'S SUBMISSION FOR  
THE "LOW" PROJECTION. THE DIFFERENCE BETWEEN LAST  
YEAR'S PROJECTION AND THIS YEAR'S PROJECTION CANNOT BE  
ACCOUNTED FOR BY DIFFERENCES IN ECONOMIC GROWTH  
ASSUMPTIONS, SINCE GDP WAS PROJECTED TO GROW MORE  
SLOWLY IN LAST YEAR'S SUBMISSION (2.75 PERCENT PER  
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YEAR 1973 TO 1985) THAN IN THIS YEAR'S DOCUMENT  
(3.0 PERCENT).

TABLE 1 OF THE SUBMISSION PROVIDES A BREAKDOWN FOR  
1980 AND 1985 OF ELECTRICITY CAPACITY AND PRODUCTION BY  
TYPE OF ENERGY. ESTIMATES OF NUCLEAR CAPACITY ARE  
LOWER IN THIS YEAR'S SUBMISSION, (68 GWE AND 145 GWE

RESPECTIVELY IN 1980 AND 1985 IN THE "MID" CASE COMPARED WITH 71 GWE AND 160 GWE RESPECTIVELY IN LAST YEAR'S "LOW" CASE). SIMILARLY ESTIMATES OF NON-NUCLEAR CAPACITY ARE ALSO LOWER (528 GWE AND 595 GWE RESPECTIVELY FOR 1980 AND 1985) THIS YEAR COMPARED WITH 534 GWE AND 625 GWE RESPECTIVELY LAST YEAR.

IN THE MID CASE OF THIS YEAR'S SUBMISSION COAL GENERATED ELECTRICITY RISES RAPIDLY BETWEEN 1976 AND 1985; HYDRO, GEOTHERMAL AND SOLAR UNDERGO SUBSTANTIAL INCREASE, WHILE BOTH NATURAL GAS AND OIL GENERATED ELECTRICITY DIMINISH. IT IS NOT KNOWN HOW THE BREAK-DOWN WOULD BE ALTERED IF NUCLEAR POWER GENERATION WERE TO FALL BEHIND SCHEDULE BUT TOTAL ELECTRICITY DEMAND WERE TO GROW AS EXPECTED. WOULD THE SHORTFALL IN NUCLEAR BE MET BY OIL FIRED PLANTS OR BY NON-OIL FIRED PLANTS? THE BREAKDOWN GIVEN FOR THE "LOW" CASE IS PRESUMABLY NOT APPLICABLE TO SUCH A SITUATION SINCE IT ASSUMES A LOWER DEMAND FOR TOTAL ELECTRICITY.

IT WOULD BE USEFUL TO ASCERTAIN THE EXTENT TO WHICH THIS YEAR'S ESTIMATES FOR OIL GENERATED Y ELECTRICITY TAKE ACCOUNT OF CURRENT REGULATIONS REQUIRING CONVERSION OF OIL FIRED PLANTS TO COAL BASED GENERATION. IT WOULD ALSO BE USEFUL TO LEARN THE REASONS FOR REDUCED PROJECTIONS OF NUCLEAR CAPACITY AND PRODUCTION.

COMPARISON OF THE TWO SUBMISSIONS SUGGESTS THAT LIMITED OFFICIAL USE

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MUCH PROGRESS HAS BEEN MADE TOWARDS GETTING NEW PLANTS UNDER WAY. WHEREAS LAST YEAR'S REPORT INDICATED THAT 75 GWE OF CAPACITY WERE EITHER IN OPERATION OR UNDER CONSTRUCTION, THIS YEAR'S REPORT GIVES A CORRESPONDING FIGURE OF 118 GWE.

THERE ARE, HOWEVER, REASONS FOR QUESTIONING WHETHER THE U.S. WILL SUCCEED IN PLACING 145 GWE OF NUCLEAR CAPACITY IN OPERATION BY 1985. FIRST, THE CURRENT SUBMISSION INDICATES A LEAD TIME OF 120 MONTHS FROM THE TIME OF FINANCIAL DECISION TO SUSTAINED OPERATION. IF THIS ASSUMPTION IS CORRECT THEN AT MOST 122 GWE OF CAPACITY COULD BE IN SUSTAINED OPERATION BY THE END OF 1985, SINCE FINANCIAL DECISIONS HAD BEEN TAKEN FOR ONLY THAT MUCH CAPACITY AT THE TIME THAT THE CURRENT SUBMISSION WAS PREPARED.

SECOND, A SURVEY BY KIDDER, PEABODY & CO. INDICATES THAT ONLY ONE NUCLEAR REACTOR, HAVING A CAPACITY OF

1.2 GWE, WAS ORDERED FOR THE UNITED STATES DURING THE  
FIRST HALF OF 1976.

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THE PROJECTIONS FOR NUCLEAR POWER PRODUCTION IN  
THIS YEAR'S SUBMISSION ASSUME THAT NUCLEAR PLANTS  
OPERATE AT 70 PERCENT CAPACITY FACTOR UNDER EQUILIBRIUM  
CONDITIONS BUT PRE-EQUILIBRIUM OPERATION INVOLVES A  
SHORT PERIOD AT 40 PERCENT CAPACITY FACTOR AND TWO  
YEARS AT 65 PERCENT.

ACCORDING TO TABLE II OF THE SUBMISSION 165 MWE  
CAPACITY FOR 1985 ARE COVERED BY ERDA ENRICHMENT  
SERVICE CONTRACTS, AND THE ESTIMATES IN SUBSEQUENT  
TABLES FOR REQUIREMENTS OF NATURAL URANIUM, ENRICHMENT  
SERVICES AND REPROCESSING ARE BASED ON THE FIGURES  
GIVEN IN TABLE II. HENCE IF NUCLEAR POWER PRODUCTION  
WERE TO GROW MORE SLOWLY THESE ESTIMATES WOULD NEED TO  
BE REDUCED. WHAT PROVISION IS MADE FOR CASES IN WHICH  
ACTUAL REQUIREMENTS DIFFER FROM CONTRACTED AMOUNTS?

LAST YEAR'S SUBMISSION INDICATED THAT EXISTING  
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CONTRACTS COVERED FAR LESS THAN 100 PERCENT OF LIFETIME  
NATURAL URANIUM REQUIREMENTS OF NUCLEAR POWER STATIONS  
PROJECTED TO BE IN SERVICE IN 1980 AND 1985. IT IS NOT  
CLEAR FROM THIS YEAR'S SUBMISSION WHETHER EXISTING  
CONTRACTS COVER 100 PERCENT OR LESS OF LIFETIME  
REQUIREMENTS OF PLANTS COMING INTO SERVICE UP TO 1985.

CAN THE UNITED STATES GOVERNMENT PROVIDE ANY  
FORECASTS OF REPROCESSING CAPACITY AND OUTPUT?  
END TEXT  
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## Message Attributes

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